

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

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Blue Anchor Capital Management  
CRD # 305274

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Securities Docket No. 2023-0317

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and

\*

Timothy Pickett, CRD # 3101615

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Respondents

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**AMENDED CONSENT ORDER**

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and Supp. 2024) (the “Act”), conducted an investigation into the investment advisory activities of Blue Anchor Capital Management (“Blue Anchor” or “Respondent Blue Anchor”) and Timothy Pickett (“Pickett” or “Respondent Pickett”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) has found grounds to conclude that Respondents have engaged in acts or practices constituting violations of the investment advisory and antifraud provisions of the Act; and

WHEREAS, on April 10, 2025, the Commissioner and Respondents reached an agreement in this action whereby Respondents consented to the terms of a Consent Order (“April 10<sup>th</sup> Consent Order”), which order is incorporated by reference; and

WHEREAS, the April 10<sup>th</sup> Consent Order did not fully set forth the terms of the agreement reached between the Commissioner and Respondents; and

WHEREAS, the Commissioner and Respondents have reached an agreement in this action whereby Respondents consent to the terms of this Amended Consent Order; and

WHEREAS, this Amended Consent Order replaces and supersedes the April 10<sup>th</sup> Consent Order; and

WHEREAS, Respondents waive their right to a hearing and any rights they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Amended Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Amended Consent Order;

**NOW, THEREFORE, THE COMMISSONER FINDS:**

**I. JURISDICTION**

1. The Commissioner has jurisdiction in this proceeding pursuant to sections 11-701.1 and 11-801 of the Act.

**II. RESPONDENTS**

2. At all relevant times, Blue Anchor Capital Management, LLC, a Maryland limited liability company formed on August 1, 2019, has maintained a place of business in Lutherville, Maryland. Blue Anchor has been registered as an investment adviser in Maryland since November 14, 2019.

3. At all relevant times, Timothy Pickett has maintained a place of business in Lutherville, Maryland. Pickett is the sole principal and owner of, and the Chief Compliance Officer for, Blue Anchor. Pickett has been registered with the Division as an investment adviser representative of Blue Anchor since November 14, 2019.

**III. FINDINGS OF FACT**

**Initial Application**

4. On or about September 6, 2019, Blue Anchor and Pickett filed with the Division initial applications for registration as an investment adviser and investment adviser representative, respectively.

5. As part of its application, Blue Anchor filed both a Form ADV Part 2A brochure and a wrap fee brochure (the “disclosure brochures”) which disclosed the services offered and provided by Blue Anchor and the fees charged for those services.

6. According to the disclosure brochures, Blue Anchor offered and provided discretionary portfolio management services to clients for an annual fee of up to 2.5% of assets under management. Blue Anchor also provided financial planning services in conjunction with its portfolio management services but did not charge a separate fee for such services.

7. The advisory client agreement submitted by Blue Anchor as part of its application also indicated that Blue Anchor provided personalized holistic financial planning and portfolio management services for an annual fee based on a clients’ assets under management.

8. According to Blue Anchor’s disclosure brochures and its client agreement, fees were payable in advance on a quarterly basis and were calculated based upon the market value of clients’ accounts on the last business day of the previous calendar quarter.

9. Blue Anchor’s and Pickett’s applications for registration as an investment adviser and investment adviser representative were made effective on or about November 14, 2019.

### **Complainant KG**

10. Shortly after their November 2019 approval, Blue Anchor and Pickett began taking on advisory clients.

11. One of those clients was KG who signed an advisory agreement with Blue Anchor and Pickett on or about December 17, 2019.

12. At the time, KG was 61 years old and working in a clerical/administrative position at a local church where she had a take home income of approximately \$1,750 a month, a net worth of approximately \$201,000 and liquid assets of \$22,000.

13. According to the client agreement, Blue Anchor and Pickett would provide KG with holistic financial planning and asset management services on a discretionary basis, where Blue Anchor and Pickett would have full discretion to purchase and sell securities in KG's account without consulting with her. As payment for their services, Blue Anchor and Pickett would receive a fee of 3% annually of assets under management.

14. The 3% fee assessed to KG exceeded the "up to 2.5% fee" disclosed in Blue Anchor's disclosure brochures filed with the Division. It wasn't until September 2020, that Respondents filed with the Division amended disclosure brochures disclosing that Blue Anchor had raised its advisory fee to 3% annually.

15. At Respondents' recommendation, KG opened a securities account at Charles Schwab. Blue Anchor was listed as the investment adviser on KG's account.

16. In mid-January 2020, KG's securities account was funded when securities from her prior firm were transferred into the Charles Schwab account managed by Respondents. The transferred securities consisted of six diverse mutual fund investments valued at approximately \$90,000.

17. Respondents began managing KG's investment portfolio on a discretionary basis, changing the makeup of her portfolio over time.

18. By April 2020, Respondents had sold four of the six funds initially making up KG's securities portfolio and replaced them with two ETFs, one of which was a triple-leveraged inverse ETF ("Proshares QQQ") and the other a leveraged ETF seeking daily returns equal to three times the daily performance of the S&P 500 ("Proshares 500").

19. For several months, Respondents maintained the same four positions in KG's portfolio while occasionally buying and selling more of the same two ETFs.

20. The investments in KG's portfolio performed well and, by December 31, 2020, KG's account had grown to a little more than \$202,000, with all but \$32,000 representing capital appreciation.

21. In or January 2021, Respondents added more diversity to KG's account by adding six additional securities to her investment portfolio, including ETFs, mutual funds and individual stocks.

22. For the remainder of 2021, Respondents maintained the added diversity in KG's account, occasionally buying new securities and selling existing securities. During this time, KG's account value fluctuated but remained relatively stable around the \$200,000 range.

23. In or about January 2022, Pickett emailed Blue Anchor's clients with his thoughts on the market and economy and expressed his concerns regarding the market, believing it would be very volatile in the short term.

24. KG responded to Pickett's email by asking what he foresaw for her portfolio, to which Pickett responded that her portfolio was down from its high but overall was "still sitting pretty." Pickett then told KG he would "change some of [her] investments around to remove some of the risk out of [her] portfolio."

25. Pickett also reassured KG that she "was in a good place and [ ] on track for retirement."

26. Shortly thereafter, however, Respondents engaged in an investment strategy that exposed KG's portfolio to increased risk.

27. In late January 2022, Respondents took a more aggressive strategy in KG's account, selling off most of the positions in her account except for three.

28. In February 2022, Respondents began actively trading KG's portfolio in Proshares Ultra VIX Short-Term Futures ETF ("UVXY"), a short-term futures ETF that was designed to profit from the expected volatility of the S&P 500. Due to its volatility, those invested in VIX were required to actively manage and monitor the investment as frequently as daily.

29. Respondents frequently bought and sold UVXY in KG's account, sometimes selling shares within days of purchasing them, in order to profit from the investment's short-term gains.

30. By the end of June 2022, KG's portfolio consisted of three investments, with UVXY representing approximately 78% of the value of her portfolio.

31. The very next month, KG's account declined in value by approximately \$30,000, due to a significant decline in the price of UVXY.

32. Despite the decline in value, however, Respondents continued to actively trade KG's account in UVXY as well as 2X Long VIX Futures ETF (UVIX), a leveraged investment so volatile it was not suitable for investors with a holding period longer than one day.

33. In the months of August through September 2022, Respondents' trading of KG's account in UVXY and UVIX resulted in KG's account being turned over more than five times.

34. In or about October 2022, KG's account took a turn for the worse from which it never recovered when the overconcentration in UVIX resulted in a loss of \$27,000, or 12.5% of her account value.

35. On October 19, 2022, Respondents invested \$206,009.60, or approximately 95% of KG's account value, in UVIX. Six days later, on the 26<sup>th</sup> of October 2022, Respondents sold the investment for \$187,101.32, a loss of almost \$21,000. An investment that was intended to be held for no more than one day had been held in KG's account for six whole days.

36. One day after liquidating the investment, Respondents again invested the vast majority of KG's account in UVIX, and the very next day sold the investment for a loss of more than \$16,000.

37. The next two months didn't fare any better for KG's account as the account incurred losses of about \$62,000 in November 2022 and \$15,000 in December 2022. More than seventy percent of the loss was attributable to the overconcentration of UVIX in KG's account for an extended period of time.

38. Having purchased approximately \$153,000 in UVIX on November 7, 2022, the investment remained in KG's account through the end of December and declined in value from about \$153,000 to about \$97,000. During those two months, Respondents' trading in KG's account resulted in her account being turned over more than three times.

39. In seven months' time, KG's account value declined from a high of approximately \$226,000 to \$111,979 by the end of December 2022.

40. On or about December 4, 2022, Pickett emailed KG to address the activities in her account in "late October." He described the email as a difficult one and expressed his belief that he had failed her.

41. Pickett described a health condition that he suffered from since the age of 17, describing it as "like a time-bomb" that was "getting progressively worse." He explained how, in late October, he purchased a fund that he intended to trade in her account for only a day or two. However, after purchasing the fund on Friday, he suffered a health episode over the weekend landing him in the hospital until Tuesday night of the following week. After returning home and logging into KG's account, he realized that the fund "had nose-dived over the course of the previous two trading days", but when he "tried to salvage it, [he] couldn't, and [he] honestly panicked, which only made things worse."

42. Pickett continued by telling KG that although the fund was considerably down, he believed there was a silver lining. Because the fund measured the volatility in the market, which Pickett believed was “very low right now”, he believed the fund would “rocket back.” He further told KG that he had “reflect[ed] on [his] mistakes, and making changes, so this doesn’t happen again.” He assured KG he would make it right and asked for more time to do so. He asked KG to not look at her “statement this month, hold it until you receive your December statement, so you can look at them together.”

43. As stated above, Pickett’s expectations did not pan out and KG’s account continued to suffer losses through December 2022 and beyond.

44. Respondents maintained KG’s position in UVIX into 2023, with the investment representing more than 75% of KG’s portfolio value at the end of January 2023 and causing KG’s account value to decline by almost an additional \$35,000.

45. In early February 2023, KG emailed Pickett about the continued losses in her account, as shown on her January statement, stating: “January statement doesn’t look too good!”

46. Pickett replied, “YES!!!! I know, believe me. I do believe the market is setting up for a big drop, which will make your account go higher. That’s the only reason I’ve been holding this fund because I think the market will go down from here.”

47. In a March 2023 email to Pickett following a meeting with him, KG emphasized to Pickett that she was a conservative investor, stating: “I know I don’t understand all that goes on with the market . . . I am pretty conservative when it comes to investments. I’m not a risk taker. Maybe keep this in mind as we go forward this year.”

48. In a subsequent email at the end of March 2023, KG asked Pickett what plans he had for the UVIX investment. He responded that his plan was to “move in and out of UVIX this year, as long as, the market continues to be going up and down with no real direction.” With all



of the pending issues in the market, I don't see a sustained upwards move. I expect the market to be lower at some point this year from where it is now.”

49. Despite knowing KG's conservative investment objective, Respondents continued their aggressive strategy of concentrating and trading her account in UVIX.

50. Although UVIX showed slight gains in February and March of 2023, in April 2023, it again significantly declined in value, causing KG's account value to drop by \$22,000.

51. At that point, KG had enough and requested that her account be transferred from under Respondents' management.

### **Losses Incurred by Other Clients**

52. KG was not the only advisory client of Respondents to incur significant losses as a result of Respondents' aggressive investment strategy.

53. On or about December 8, 2020, SS and her husband entered into an advisory relationship with the Respondents. At the time, SS was 67 years old.

54. SS set up two securities accounts at Charles Schwab; the first in December 2020 (“1<sup>st</sup> account”) and the second in March 2022 (“2<sup>nd</sup> account”). Blue Anchor was listed as the investment adviser on both accounts.

55. SS's 1<sup>st</sup> account was initially funded with \$145,000 in cash. Respondents immediately began trading SS's 1<sup>st</sup> account similar to how he traded KG's account, buying and selling Proshares QQQ and Proshares 500 and eventually diversifying the account to include about seven different securities.

56. By the end of December 2021, SS's 1<sup>st</sup> account had grown to approximately \$174,000.

57. In or about January 2022, however, Respondents adopted a new investment strategy for SS's 1<sup>st</sup> account, as they did with KG. Respondents liquidated all of the positions in SS's 1<sup>st</sup>

account and began actively trading her account solely in UVXY, buying positions in the security only to sell the positions days later to take advantage of short-term gains.

58. That strategy was copied over to SS's 2<sup>nd</sup> account, which was opened in March 2022 and funded with securities and cash valued at around \$100,000. Shortly after that account was opened, Respondents liquidated the securities in the account and began actively trading the account solely in UVXY.

59. In August 2022, Respondents liquidated the positions that SS's accounts held in UVXY and began actively trading her accounts solely in UVIX, resulting in both accounts being turned over approximately 2.6 times from August to September 2022.

60. As in the case with KG, on or about October 19, 2022, Respondents purchased large positions in UVIX for both of SS's accounts. Those positions were held in SS's account for six days, well beyond the holding period of less than one day recommended for the security. The result were losses of about \$20,000 in the 1<sup>st</sup> account and approximately \$10,000 in the 2<sup>nd</sup> account. Those losses were exacerbated when Respondents attempted to make up for the losses by reinvesting in UVIX, but the result were additional losses totaling about \$25,000 for the two accounts.

61. The months of November 2022 through December 2022 brought about additional losses of approximately \$172,000 for SS's accounts, with the majority of the losses coming from a decline in UVIX.

### **Aggressive Investment Strategy in Individual Retirement Accounts**

62. Respondents managed several individual retirement accounts (IRA) for clients at or near retirement age and exposed their retirement accounts to the same aggressive investment strategies, causing significant losses in the accounts designated as retirement funds.

63. TD was 68 years old when he became a client of the Respondents in February 2020.

64. TD set up two accounts at Charles Schwab, an IRA account and a smaller regular account.

65. The IRA account was funded with ten securities that were transferred from another account and initially valued at approximately \$229,000.

66. For a period of time, the account remained relatively diversified under Respondents' management with TD's securities portfolio made up of between seven to fifteen securities, and the account reached a value in excess of \$450,000. However, that all changed.

67. In or about June 2022, Respondents purchased a large position in UVXY for TD's IRA account; the investment represented 70% of TD's securities portfolio value at the end of June 2022.

68. Respondents introduced the UVIX investment to TD's IRA account in September 2022.

69. Like the other clients discussed above, the purchases in TD's IRA account for October and November of 2022, consisting mostly of UVIX purchases, resulted in a turnover rate above two for the two-month period.

70. Losses in TD's IRA account for the months of October 2022 through August 2023 exceeded \$350,000, primarily from the decline in the UVIX position held in TD's IRA account during that period of time.

71. Also 68 years old at the time of becoming a client of the Respondents in June 2020, SJ established three accounts at Charles Schwab, two IRA accounts and a smaller regular account. All three accounts were managed by the Respondents.

72. Combined, the two IRA accounts were funded with approximately \$396,000, consisting of securities and cash.

73. Initially relatively diversified, in or about January 2022, the Respondents liquidated most of the accounts' securities positions and began actively trading the two accounts in the UVXY investment and then the UVIX investment beginning in or about August 2022.

74. Combined losses in the accounts primarily from the investment of TD's IRA accounts in UVIX resulted in losses of approximately \$455,000.

### **Overcharging of Advisory Fees**

75. As discussed above, Blue Anchor's brochure(s) and client agreement disclosed that Blue Anchor provided financial planning services in conjunction with discretionary portfolio management services for an annual fee of up to 3% of assets under management.

76. With one or two exceptions, however, agreements executed with clients show that most clients were charged the maximum fee of 3% of assets under management.

77. Fees were payable in advance on a quarterly basis and calculated based "on the account value as of the close of trading on the last business day of March, June, September, and December."

78. Respondents were given the authority to debit their advisory fees directly from clients' accounts. Blue Anchor's brochures indicated that, prior to debiting their fees, Blue Anchor would send fee invoices to clients detailing the amount of the quarterly fee and how the fee was calculated.

79. In reality, the manner in which fees were charged and collected, including the frequency with which Respondents debited fees from clients' accounts was far different than what was disclosed in their brochure(s) and client agreements, resulting in the charging of excessive fees to some clients.

80. Immediately after entering an advisory relationship with KG and managing KG's investment account, Respondents began charging and debiting advisory fees from her account.

81. Fees were first debited from KG's account in January 2020. Per the client agreement, fees were to be debited from KG's account in January, April, July and October, based upon account balances quarter ending December, March, June, and September.

82. However, in 2020, Respondents requested the debiting of fees from KG's account in the months of January, April, July, September, October and December, rather than the four quarters for which fees should have been charged and collected, resulting in KG's account being charged excessive fees for that year.

83. When the Division requested copies of fee invoices for KG's account for that time period as well as KG's October 2020 account statement, Respondents were unable to provide the Division with the required books and records.

84. Fees charged to SS's securities account(s) also were done in a haphazard and inconsistent way. For example, SS's account was charged fees six times in 2022, including twice in October 2022 when fees were collected from her account on October 17<sup>th</sup> and October 24<sup>th</sup>. In 2024, fees were collected from SS's account on twelve occasions.

85. The inappropriate and excessive debits from SS's account resulted in SS being overcharged by approximately \$7,500.

86. The two IRA accounts for SJ also were charged inconsistently and excessively. The very first debits from SJ's two IRA accounts were made in June 2020 in the amounts of \$7,746.25 and \$2,178.12. By themselves, the debits represented nearly 3% of the accounts' values, but Respondents continued debiting the two accounts in subsequent quarters.

87. The Division requested Respondents to produce copies of their fee invoices. A copy of the June 2020 fee invoice for the account from which \$2,178.12 was debited, reflects that

only \$653.63 should have been debited from the account. Invoices for the other IRA account were not produced by Respondents.

88. Additionally, in 2022, Respondents made multiple debits from SJ's IRA accounts, one account being debited on May 5<sup>th</sup>, June 14<sup>th</sup>, August 7<sup>th</sup>, September 19<sup>th</sup>, and October 12<sup>th</sup>, and the other on May 5<sup>th</sup>, May 31<sup>st</sup>, July 18<sup>th</sup>, September 11<sup>th</sup> and October 12<sup>th</sup>.

89. As a result, SJ's two IRA accounts were charged excessive fees of approximately \$12,000.

90. Other clients were charged fees in excess of what they should have been charged, including MJ who was overcharged by about \$8,000 for one of his accounts.

## **Unregistered Investment Advisory Activities and Misleading Filings**

### **Pre-registration Activities**

91. The client agreement for SJ produced by Respondents was dated June 3, 2020 and signed by SJ on June 3, 2020 and by Pickett on June 6, 2020.

92. When the Division asked the Respondents to explain why fees of \$7,746.25 and \$2,178.12 were debited from SJ's IRA accounts in June 2020, Pickett provided the following explanation:

I was able to locate the Agreements for Steven Johnson. Originally, I only submitted the most recent agreement, but there was an error with that form. While I was going through my files to upload to the Microsoft portal, I inadvertently knocked Mr. Johnson's file on the floor. I put the pages back together but, going through it again last night, I realized I had incorrectly attached the old signature page to the most recent agreement because they look some much alike. I have corrected them in the portal. When I separated from my last group over 5 years ago, I was able to move almost all my clients, but at that time in July 2019, Mr. Johnson was dealing with health and personal issues. We figured he wouldn't be able to sign new paperwork during the first months of my newly established firm, so to put his mind at ease we had his accounts moved to the service center at Raymond James. When I had him sign the paperwork to move to the Service Center in July 2019, I had him also sign a management agreement, based on the one I had been using with my prior firm. Mr. Johnson and I speak every month, then and now, and reviewed his accounts as I had each portfolio's holdings saved

in my portfolio software. Referencing my notes, from June 2019, Mr. Johnson and I discussed the situation and agreed he would compensate me for managing his accounts once I got everything up and running and was able to transfer his accounts over to my new company.

93. Pickett also provided the Division with two additional client agreements for SJ. One of the newly produced client agreements was dated July 31, 2019 and purportedly signed by SJ on 7/31/19 and by Pickett on 8/6/19. However, the dates on the new agreement were noticeably altered. The dates on the originally produced agreement had been partially erased and written over with the new dates.

94. The newly submitted advisory agreement for SJ was dated prior to Blue Anchor's formation as an LLC on August 1, 2019, and more than three months before Blue Anchor was registered as an investment adviser in Maryland.

95. As part of the investment adviser application process, Respondents were required to file with the Division an Undertaking certifying that neither Blue Anchor nor its principal, Pickett, had transacted business as an investment adviser in Maryland and they would not do so until lawfully registered. If they had transacted business and therefore could not lawfully sign the Undertaking, Respondents were advised to contact the Division. Respondents were informed that all filings with the Division, including the Undertaking, were subject to the prohibition against false and misleading filings contained in section 11-303 of the Act.

96. Despite purportedly executing an advisory agreement offering to provide SJ with advisory services for compensation at least three months before becoming registered as an investment adviser, Respondents signed the Undertaking that Blue Anchor and its principal had not yet transacted business as an investment adviser or investment adviser representative.

### **Post-registration Activities**

97. Respondents failed to renew their investment adviser and investment adviser representative registrations in Maryland.

98. Despite no longer being registered, on or about January 2, 2025, Respondents directed Charles Schwab to deduct advisory fees totaling \$8,180 from six different accounts of two of their advisory clients.

99. Respondents knew they were not authorized to deduct the fees from the clients' accounts, but used those funds for their personal benefit.

100. At the request of the Division, Respondents has provided the Division with proof of repaying the fees to the clients' accounts.

#### **IV. CONCLUSIONS OF LAW**

The Commissioner, therefore, concludes as a matter of law:

101. Respondents violated section 11-301(2) and (3) of the Act by, among other things, recommending and purchasing highly aggressive and volatile securities, including UVXY and UVIX, that were not suitable for clients given their age and financial backgrounds; liquidating clients' diversified securities portfolios and concentrating clients' accounts in one or two securities that were not suitable for the clients or their IRA accounts; excessively trading clients' accounts in UVXY and UVIX and other securities, resulting in unreasonably high turnover rates that were not suitable for the clients; holding UVIX in clients' accounts for an extended period of time when the investment's holding period was one day or less, resulting in excessive losses in clients' accounts; failing to disclose to clients that the investments purchased for their accounts and the investment strategies implemented in their accounts were not suitable for the clients or their accounts; and misrepresenting to clients that they would charge an annual fee of 3% of assets under management fee payable on a quarterly basis when, in fact, they charged some clients more than 3% of assets under management and more frequently than quarterly.

102. Respondents violated sections 11-302(a)(2) and (3) of the Act by, among other things, recommending and purchasing highly aggressive and volatile securities, including UVXY



and UVIX, that were not suitable for clients given their age and financial backgrounds; liquidating clients' diversified securities portfolios and concentrating clients' accounts in one or two securities that were not suitable for the clients or their IRA accounts; excessively trading clients' accounts in UVXY and UVIX and other securities, resulting in unreasonably high turnover rates that were not suitable for the clients; holding UVIX in clients' accounts for an extended period of time when the investment's holding period was one day or less, resulting in excessive losses in clients' accounts; failing to disclose to clients that the investments purchased for their accounts and the investment strategies implemented in their accounts were not suitable for the clients or their accounts; and misrepresenting to clients that they would charge an annual fee of 3% of assets under management fee payable on a quarterly basis when, in fact, they charged some clients more than 3% of assets under management and more frequently than quarterly.

103. Respondents violated sections 11-302(a)(3) of the Act and COMAR 02.02.05.03B(1), (5), (8) and (10) by, among other things, recommending and investing clients' accounts, including IRA accounts, in very risky and volatile securities, including UVXY and UVIX, that were not suitable for the clients given their age and financial backgrounds and continuing to actively trade KG's account in UVIX, even after being told that she was a conservative investor; excessively trading clients' accounts in securities resulting in high turnover rates; and representing to clients that they would charge an annual fee of 3% of assets under management fee payable on a quarterly basis but charging some clients fees exceeding 3% of assets under management and more frequently than quarterly.

104. Respondents violated section 11-303 of the Act by filing with the Division a Form of Undertaking falsely representing that Blue Anchor had not transacted business as an investment adviser in Maryland prior to being registered with the Division.

105. Respondents violated section 11-401(b) of the Act by transacting business as an unregistered investment adviser or investment adviser representative.

106. Respondents violated section 11-402(b) of the Act by employing or associating with an unregistered investment adviser representative.

107. Respondents violated section 11-411(a) of the Act and COMAR 02.02.05.16 by failing to maintain certain books and records, including all client account statements, required by COMAR 02.02.05. 16.

108. Respondents violated section 11-411(d) of the Act and COMAR 02.02.05.11 by failing to timely amend Blue Anchor's Form Part 2A to disclose that Blue Anchor had changed its assets under management fee from up to 2.5% of assets under management to up to 3% of assets under management.

## **V. SANCTIONS**

NOW THEREFORE, IT IS HEREBY ORDERED, and Respondents expressly consent and agree:

109. Each Respondent shall permanently cease and desist from violating sections 11-301(2) and (3), 11-302(a)(2), (a)(3), and (c), 11-303, 11-401(b), 11-402(b), and 11-411(a) and (d) of the Act and COMAR 02.02.05.03B(1), (B)(5), B(8), and B(10), COMAR 02.02.05.16, and COMAR 02.02.05.11.

110. Respondents Blue Anchor's and Pickett's registrations as an investment adviser and investment adviser representative, respectively, are revoked as of December 31, 2024.

111. Respondents are permanently barred from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged, including engaging in the offer and sale of any securities whether registered, exempted or preempted from registration.

112. Respondents, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$675,000 for the violations set forth in this Amended Consent Order. In light of the sworn financial affidavit and financial records submitted by Respondents, however, collection of all but \$65,073 of the penalty, which represents the amount of excessive fees charged to the Respondents' advisory clients identified by the Division ("identified clients"), shall be waived. The payments shall be made in installments, as follows: a payment of \$2,000 on or before April 1, 2025, and payments of \$3,000 payable by the 1st of each subsequent quarter (the "due dates"), unless the \$65,073 is paid in full sooner. The quarterly due dates are as follows: January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>. Restitution shall be paid by check made payable to the Office of the Attorney General, and will be distributed to the identified clients by the Office of the Attorney General in a manner within its discretion. Collection of the civil penalty imposed herein shall be waived completely if restitution of \$65,073 is paid in full. If the Division has to forward this matter to Central Collections of Maryland, the 17% collection fee assessed by Central Collections shall be payable by Respondents and shall be in addition to, and not offset, the balance of the civil monetary penalty owed to the Division.

113. Respondents shall submit an updated sworn financial affidavit to the Office of the Attorney General on a semiannual basis. The updated sworn financial affidavits shall be submitted by June 30th and December 31 of each year. The updated financial affidavits will be used by the Office of the Attorney General to determine if Respondents are financially capable of paying an increased amount towards their restitution obligation, as determined by the Securities Commissioner based upon Respondents' updated financial affidavits.

114. Each Respondent shall comply fully with the Act and the regulations promulgated thereunder.

## **VI. RESPONDENTS' REPRESENTATIONS OF FINANCIAL CONDITION**

115. Respondents have provided a sworn financial affidavit and other financial records to the Commissioner as a condition of this Amended Consent Order, and the Commissioner has relied upon those documents in establishing the terms of, and agreeing to enter into this, Amended Consent Order. If the Commissioner receives information that the affidavit, or the underlying financial records, is false in any material respect, that misrepresentation shall be considered a violation of this Amended Consent Order, and the Commissioner may reopen these proceedings and seek such further relief as is appropriate.

116. Respondents acknowledge that the monetary penalty imposed under this Amended Consent Order is not dischargeable in bankruptcy.

## **VII. JURISDICTION RETAINED**

117. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Amended Consent Order.

118. If a Respondent fails to comply with any term of this Amended Consent Order, the Commissioner may institute administrative or judicial proceedings against that Respondent to enforce this Amended Consent Order and or to sanction that Respondent for violating an Order of the Commissioner and may take any other action authorized under the Act or under any other applicable law, including the issuance of fines or penalties as provided by the Act. In any such proceeding, the Division may also seek other sanctions for the violations that initiated this matter. For the purpose of determining those sanctions, the Findings of Fact and violations of the Act set forth in this Amended Consent Order shall be deemed admitted and may be introduced into evidence against that Respondent.

119. In the event that judicial intervention in this matter is sought by the Commissioner or a Respondent, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant

to section 11-702 of the Act. The Circuit Court for Baltimore City will have personal jurisdiction over that Respondent pursuant to section 6-103(b) of the Courts and Judicial Proceedings Article, Title 6, Annotated Code of Maryland (2013 Repl. Vol. and Supp. 2023). Venue will be properly in that Court pursuant to Section 6-201(a) and 6-202(11) of that article.

120. The terms of this Amended Consent Order may be vacated or modified only by a subsequent order issued by the Commissioner.

**SO ORDERED:**

**Commissioner's Signature on File  
w/Original Documents**

Date: May 20, 2025

\_\_\_\_\_  
Melanie Senter Lubin  
Securities Commissioner

**BY CONSENT:**

Blue Anchor Capital Management

\_\_\_\_\_  
By: Timothy Pickett, CCO

\_\_\_\_\_, 2025  
Date

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2025

\_\_\_\_\_  
Notary Public  
My Commission expires \_\_\_\_\_

\_\_\_\_\_  
Timothy Pickett

\_\_\_\_\_, 2025  
Date

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2025

\_\_\_\_\_  
Notary Public  
My Commission expires \_\_\_\_\_